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OFFICIAL STATEMENT

Hospital - City - San Benito Co.
Bonds - " - " - " - "
San Benito Hospital District
" " Co. - " - " - "

SAN BENITO HOSPITAL DISTRICT
1978 BONDS

COUNTY OF SAN BENITO, CALIFORNIA

\$1,720,000


GENERAL OBLIGATIONS

INSTITUTE OF GOVERNMENT
STUDIES

JAN 23 1978

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SAN BENITO HOSPITAL DISTRICT

County of San Benito, California

BOARD OF DIRECTORS

Charles E. Tiffany, *President*

Elwood Dryden, *Vice President*

Laura Botelho, *Secretary/Treasurer*

Fulton Picetti, *Director*

Martin Bress, M.D., *Director*

DISTRICT ADMINISTRATION

Gary M. DiMercurio, *Administrator*

Ghulam Moheyuddin, M.D., *Chief of Staff*

C. Luise Riehl, R.N., J.D., *Director of Nursing Services*

Phyllis Soliday, *Controller*

Tracy M. Harrison, *Executive Secretary*

SPECIAL SERVICES

Project Architect

Ratcliff, Slama & Cadwalader, Architects & Planners,
Berkeley

Planners

Health Facilities Planning, *Montecito*

Certified Public Accountant

Arthur Young & Company, *San Jose*

Bond Counsel

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco*

Financial Consultant

Hornblower, Weeks, Noyes & Trask Incorporated,
San Francisco

Paying Agent

County Treasurer, *County of San Benito*

On the cover:

Mission San Juan Bautista, founded in 1797, is located in the City of San Juan Bautista in the District. The Mission is now part of a state park.

THE DATE OF THIS OFFICIAL STATEMENT IS
JANUARY 12, 1978.

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SAN BENITO HOSPITAL DISTRICT

911 Sunset Drive
Hollister, California

January 12, 1978

TO WHOM IT MAY CONCERN:

The purpose of this bond prospectus is to furnish information regarding \$1,720,000 par value San Benito Hospital District Bonds (general obligations).

This prospectus was prepared by Hornblower, Weeks, Noyes & Trask Incorporated as financing consultants to and under the direction of the District. Orrick, Herrington, Rowley & Sutcliffe serve as bond counsel to the District. Bond counsel's fees for services relating to the issue and sale of the bonds and the financing consultant's fees for services are contingent upon the sale and successful delivery of bonds.

The information herein has been reviewed by appropriate officials of the District as to accuracy and completeness (see item 2 under "Closing Papers" on page 4 of this prospectus) and the District has adopted this prospectus as its Official Statement in connection with the bonds herein being offered pursuant to Resolution No. 78-1 (the resolution of issuance).

The execution and delivery of this Official Statement have been authorized by the District.

All of the following summaries of the Resolution of Issuance and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith. Any statements therein involving matters of opinion or estimates, whether or not so designated, are to be construed as provisional rather than factual. This Official Statement does not constitute a contract with purchasers of the bonds.

Hornblower, Weeks, Noyes & Trask Incorporated may submit a bid for the bonds, and, if it is the successful bidder, may purchase the bonds and resell all or a portion of the bonds to the public.

Charles E. Tiffany

President, San Benito Hospital District

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No dealer, broker, salesman or other person has been authorized by the San Benito Hospital District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District.

INTRODUCTION

The \$1,720,000 principal amount of San Benito Hospital District 1978 Bonds represents the total general obligation bond authorization approved by the voters of the District on November 8, 1977 by a 72.6% majority vote. The bonds are being sold to make additions and improvements to the Hazel Hawkins Memorial Hospital which is owned and operated by the District.

The bonds are general obligations of the District. The District has power and is obligated to cause ad valorem taxes for payment of the bonds and the interest thereon to be levied upon all property within the District subject to taxation by the District, without limitation of rate or amount. The San Benito Hospital District, with a fiscal year 1977/78 assessed valuation of \$115 million, covers about 1,113 square miles in San Benito County and has an estimated population of 20,000.

The District, which includes the City of Hollister with 9,175 residents and the City of San Juan Bautista with 1,090, is located in the central coast region of California, 49 miles south of San Jose, 90 miles south of San Francisco, and 300 miles north of Los Angeles. District agriculture, which is highly developed and diversified, reached a gross value of about \$50 million during 1976. Due to the high concentration of vegetable, fruit, nut and grape production within the District, a relatively higher dollar yield per acre is obtained from District irrigated agricultural lands than from agricultural lands in other areas in California and the nation where corn, cotton and wheat are the major crops.

Agriculture, the District's economic base, is balanced by manufacturing, and industrial employment within the District. Manufacturing, industrial and food processing firms include

Teledyne McCormick Selph (explosive ordnance and pyrotechnic systems manufacturing) employing 300, Shelton Industries (Vacationeer recreation vehicle manufacturing) employing 300, Cullum Systems (pumps—irrigation—well drilling) employing 175, NCC Food Corporation (food processing and packing) employing about 100 permanent workers and 700 during peak portions of the year, Northwest Packing Co. (food processing and canning) with a permanent employment of 70 and a peak seasonal employment reaching 700, Vessley's Foods, Inc. (food processing) 150, and Halex, Inc. (electrical explosive device manufacturing) employing 135.

TABLE 1
SUMMARY OF ESSENTIAL FACTS

The Bonds	
Principal amount	\$1,720,000
Maturities	1980-2003
Denominations	\$5,000
Average life	16.36 years
Bond years	28,140
Maturities callable 1988 or after	1989-2003
Maximum coupon rate	8%
Maximum coupon spread	2%
Maximum estimated annual debt service	\$143,750
Financial and Economic Data	
1977/78 District total assessed valuation	\$115,701,542
District tax rate	\$0.23
Ratio direct debt to total assessed valuation	1.56%
Ratio direct and overlapping debt to total assessed valuation	4.20%
Per capita total assessed valuation	\$5,785
District estimated 1978 population	20,000



San Benito Hospital District.

Copyrighted map, courtesy National Automobile Club.

THE BONDS

Authority for Issuance

The \$1,720,000 principal amount of the San Benito Hospital District 1978 Bonds, ("the bonds") now being offered, are to be issued pursuant to Resolution No. 78-1 of the Board of Directors of the San Benito Hospital District, adopted January 12, 1978. The 1978 bonds are all of the bonds authorized at an election held in the District on November 8, 1977 by a vote of 2,651 in favor (72.6%) to 1,002 opposed.

Description of the Bonds

The 1978 bonds consist of \$1,720,000 aggregate principal amount, numbered 1 through 344 inclusive, dated February 1, 1978, each bond in the denomination of \$5,000. Interest for the first year is payable on February 1, 1979 and semiannually thereafter each August 1 and February 1. The bonds are to mature and become payable on February 1 in the amounts and years specified in the adjoining table.

Both principal and interest are payable at the Office of the County Treasurer, San Benito County Courthouse, Hollister, California 95023.

Redemption Provisions

Bonds maturing on or before February 1, 1988, a total principal amount of \$375,000, are not subject to call or redemption prior to their stated maturity dates.

Bonds maturing on or after February 1, 1989, a total principal amount of \$1,345,000, are subject to call and redemption, at the option of the District, as a whole or in part, in inverse order of maturity and by lot within a maturity, on any interest payment date on or after February 1, 1988, upon payment of the principal

amount, accrued interest to the date of redemption, and a premium equal to $\frac{1}{4}$ of 1% of the principal amount redeemed for each full year and any remaining fraction of a year between the date of redemption and the maturity date of the bonds, subject in any event to a maximum premium of 3% of such principal amount.

Registration

The bonds will be issued as coupon bonds and will be registrable only as to both principal and interest, but are not subject to deregistration.

Legal Opinion

All proceedings in connection with the issuance of the bonds are subject to the approval of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel for the San Benito Hospital District. The unqualified opinion of Orrick, Herrington, Rowley & Sutcliffe, attesting to the validity of the bonds will be supplied free of charge to the original purchasers of the bonds. A copy of the legal opinion will be printed on each bond without charge to the successful bidder.

Security

The San Benito Hospital District 1978 Bonds are general obligations of the San Benito Hospital District. The District has the power and is obligated to cause annual ad valorem taxes for payment of principal and interest on the bonds to be levied and collected on all property within the District subject to taxation by the District without limitation as to rate or amount.

MATURITY SCHEDULE

<i>Maturity Date February 1</i>	<i>Principal Maturing</i>
1980	\$ 30,000
1981	35,000
1982	35,000
1983	40,000
1984	40,000
1985	45,000
1986	50,000
1987	50,000
1988	50,000
1989	55,000*
1990	60,000*
1991	65,000*
1992	70,000*
1993	75,000*
1994	75,000*
1995	80,000*
1996	85,000*
1997	90,000*
1998	100,000*
1999	100,000*
2000	110,000*
2001	120,000*
2002	125,000*
2003	135,000*

Callable on or after February 1, 1988.

Tax-Exempt Status

In the opinion of bond counsel, interest on the bonds is exempt from all present Federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions and the bonds are exempt from all California taxes except inheritance, gift and franchise taxes.

Legality for Investment

The bonds are legal investments in California for commercial and savings banks and as such are legal investments for all trust funds and for funds of insurance companies and trust companies. The bonds are eligible as security for deposits of public moneys in California.

Closing Papers

Each proposal for bids on the bonds will be understood to be conditioned upon the District furnishing to the purchaser, without charge, concurrently with payment for and delivery of the bonds, the following closing papers, each dated the date of such delivery:

1. Legal opinion—The unqualified opinion of Orrick, Herrington, Rowley & Sutcliffe, bond counsel, approving the validity of the bonds.
2. At the time of payment for and delivery of the bonds, the District will furnish the successful bidder a certificate, signed by appropriate officers of the District acting in their official capacity, to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact

or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (b) since the date of the Official Statement no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation or financial affairs of the District since the date of such Official Statement.

3. A certificate of an officer of the District that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the bonds will be used in a manner that would cause the bonds to be arbitrage bonds.
4. A signature certificate of the officers of the District, stating that they have signed the bonds, whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same; and stating that there is no litigation pending affecting the validity of the bonds, the corporate existence of the District or the title of the officers of the District to their respective offices.
5. The receipt of the Treasurer of the District showing that the purchase price of the bonds, including interest accrued to the date of delivery thereof, has been received by the District.

THE DISTRICT

The San Benito Hospital District, with approximately 20,000 residents and \$115.7 million assessed valuation, was formed in 1958. Ninety-four percent of the County of San Benito assessed valuation is within the District while 97% of the county population resides within the District. The District encompasses approximately 1,113 square miles in San Benito County or about 80% of the county land area.

The Hazel Hawkins Memorial Hospital, the site of the proposed project, is owned and operated by the District which is organized under Section 32000 et seq. of the Health and Safety Code of the State of California.

The Hazel Hawkins Memorial Hospital is a full-service acute care hospital licensed for 50 beds while the District's Hazel Hawkins Convalescent Hospital is licensed for 52 skilled nursing beds. The District is a member of the California Hospital Association, the Association of Western Hospitals, the Hospital Council of Northern California, the Association of California Hospital Districts, Incorporated, and the Cow Counties Hospital Conference. Licensed by the Department of Health of the State of California, the District hospital is fully accredited by the Joint Commission on Accreditation of Hospitals and the California Medical Association. The hospital is approved by the federal government for its Medicare program and by the state for Medi-Cal.

Administration of the District

Management of the District and the formulation of District policy is the responsibility of the elected five-member board of directors of the District. Members of the board of directors are elected to four-year terms in staggered biennial elections. The Hazel Hawkins Memorial Hospital is administered by Mr. Gary M. DiMercurio, Administrator. Other administrative personnel include Mrs. Phyllis Soliday, Controller, and Tracy

M. Harrison, Executive Secretary. Dr. Ghulam Moheyuddin, M.D. is Chief of Staff while C. Luise Riehl, R.N., J.D. is Director of Nursing Services.

Gary M. DiMercurio, Administrator, received a Bachelor of Science Degree in public health and economics and a Master of Public Health Degree in hospital administration from the University of California, Berkeley, in 1965 and 1967, respectively. Prior to becoming affiliated with the San Benito Hospital District in 1972, Mr. DiMercurio was a Senior Hospital Consultant for a major certified public accounting firm. Mr. DiMercurio has also been Assistant Administrator for a four-year period at Kaiser-Permanente Medical Centers in Oakland, Walnut Creek, Vallejo, and Hayward.

The financial statements of the District, Tables 15 and 16, reflect the long-term results of the operation of the District. Variation of operating profit over the last five years is moderate. Board policy, in the past, has been to utilize tax revenues for operating purposes.

Medical Staff

The 1978 medical staff of the District hospital includes 18 active physicians, 22 physicians from neighboring U.S. Army Fort Ord who staff the emergency room, seven physicians with courtesy staff privileges, and 19 physicians on the consulting staff.

Need for Construction

The elected board of directors of the District has determined that the hospital structure, which does not currently conform to various California code requirements relating to hospital structures, must be brought into conformance with such California Code requirements. Community support for the board decision is evidenced by the 72.6% voter approval of general obligation bonds.

Litigation

As of the date of this Official Statement, there is no litigation pending against the District nor is there, to the District's knowledge, any legal action threatened against it.

Certificates of Exemption

The California Health and Safety Code, by amendments effective September 9, 1976, requires all hospitals to obtain either a certificate of need or a certificate of exemption from the California State Department of Health before constructing new or replacement facilities. The District has filed the final application for certificates of exemption.

Health Facilities Planning, Montecito, California, believes the certificates of exemption will be granted for the following reasons:

1. Facilities being constructed are to comply with new rules and regulations of the California hospital building code. Historically the state grants certificates of exemption when a hospital is correcting code non-conformance.
2. The proposed construction of additions to the administrative offices, business offices and renovation of some nursing stations, constituting the portion of the overall construction project which is not obligated by the state code requirements, will have a combined estimated cost of less than \$150,000. As a consequence, granting of a certificate of exemption for said structures is also expected since the state has issued certificates of exemption on similar projects where the total cost is less than \$150,000.

Regulation and Other Health Care Field Developments

Although the currently offered bonds of the District are secured by the District's power to levy ad valorem taxes upon all property within the District subject to taxation by the District without limitation as to rate or amount and without regard to the operation of the District's hospital, the operation of the hospital is subject to regulation by the California Department of Health, the United States Department of Health,

Education and Welfare, and other federal, state, and local governmental agencies and bodies. As a result, the hospital is subject over time to a changing body of laws and regulations which can have a significant positive or negative impact on the hospital's operations. In particular, a significant portion of the hospital's revenues flow from the federal Medicare and California Medi-Cal programs. It is not possible to predict the effect on the hospital's operations of future changes in state or federal laws, regulations, and reimbursement policies.

With respect to Medicare, current regulations provide that bond interest is reimbursable. Bond principal is not considered a reimbursable cost. Instead, a depreciation charge based on the cost of hospital buildings and equipment is allowed. Depreciation rates generally follow those set forth by the American Hospital Association, third party payors, and the Internal Revenue Service as to various types of real property and equipment.

The Medi-Cal program incorporates substantially the same principles of reimbursement as the Medicare program for in-patient services. Medi-Cal reimbursement for out-patient services is based on a fee schedule established by the state.

Developments in other areas in which the District is subject to regulation could also affect, either positively or negatively, the District's operations to an extent that cannot be determined at this time. Changes may include such developments as the enactment of some form of national health insurance; legislation altering the law of medical malpractice and/or instituting a state malpractice insurance program; amendment of Medicare and Medi-Cal reimbursement regulations concerning utilization review procedures, reasonable cost levels, and health service quality; efforts by insurers and government agencies to limit the cost of hospital services and to reduce utilization of hospital facilities by such means as preventive medicine and support of

health maintenance organizations; and other future legislation or regulations affecting hospitals, medical insurance, and the health care industry in general.

Malpractice Insurance Coverage

The District currently has malpractice coverage of \$10 million through various carriers. The District has had no problem to date in securing such coverage at competitive rates, but can give no assurance that it will be able to obtain malpractice coverage in the future.

Third Party Payments

At the present time, more than 53% of the hospital's revenue is derived from federal and state programs. Table 2 shows recent percentages of said revenue.

TABLE 2
1976/77 DISTRICT GROSS
REVENUE COMPONENTS
MEMORIAL HOSPITAL*

	Amount	Percent
Medicare	\$ 868,564	34%
Medi-Cal	476,098	19
Other insurance (and private)	1,210,687	47
Total	\$2,555,349	100%

* Does not include Hazel Hawkins Convalescent Hospital.
Source: District Controller.

District Patient Charges

The following are the room rates as of January 12, 1978 for patients at the acute care Hazel Hawkins Memorial Hospital:

1. *Rate for resident of Hospital District:*
Semi-private room \$122.00
Private room 127.00
2. *Rate for non-resident of Hospital District:*
Semi-private room \$127.00
Private room 132.00
3. *These rates apply to all patients, residents or not:*
Nursery \$ 77.00
ICU and CCU 232.00

TABLE 3
DISTRICT BED COMPLEMENT
Hazel Hawkins Memorial Hospital

Function	Number of Beds
Pediatrics	4
Intensive care units	4
Coronary care units	4
Isolation	2
Private	2
Post-partum	10
Medical/surgical	24
Total	50

Hazel Hawkins Convalescent Hospital

Function	Number of Beds
Skilled nursing facility beds	52

Source: District Administrator.

TABLE 4
ANNUAL DISTRICT OCCUPANCY RATIOS

	Hazel Hawkins Memorial Hospital			Hazel Hawkins Convalescent Hospital		
	Acute Beds	Occupancy	Percent Occu- pancy	Skilled Nursing Beds	Occupancy	Percent Occu- pancy
1972/73	50	7,705	42.2%	41	14,361	96.0%
1973/74	50	7,618	41.7	41	14,881	99.4
1974/75	50	7,177	39.3	41	14,881	99.4
1975/76	50	8,039	43.9	41	14,828	98.8
1976/77	50	8,646	47.4	52*	17,010	98.3*
7/77 - 12/77	50	4,278	46.5	52	9,492	99.2

* The District added 11 skilled nursing beds to the convalescent home during 1976/77.
Source: District Controller.

THE PROJECT

On November 8, 1977, 72.6% of the San Benito Hospital District voting electorate authorized the issuance of \$1,720,000 general obligation bonds to construct additions to the Hazel Hawkins Memorial Hospital and to renovate a portion of the hospital. None of the proceeds from the currently offered bonds will be used at the Hazel Hawkins Convalescent Hospital. Table 5 shows the proposed square-foot allocation for construction of additions and for renovation.

The proposed construction project is intended to accomplish the following:

1. Replace an eight-bed intensive care/coronary care unit to satisfy new California codes and regulations.
2. Revise the emergency/outpatient services facilities to meet the requirements of new California codes and regulations.
3. Construct a new four-bed post-anesthesia recovery unit, which will also serve as an observation/holding area for outpatient surgery to meet the requirements of new California codes and regulations.
4. Expansion and relocation of medical records to meet the requirements of new California codes and regulations.
5. Expansion of clinical laboratory to meet the requirements of new California codes and regulations.
6. Expansion of business administration and hospital administration to provide conference facilities for board meetings and staff inservice education.
7. Remodel the existing nursing unit and pediatrics ward to improve the efficiency of nursing service.
8. Construction of additional parking spaces.

The architectural firm of Ratcliff, Slama & Cadwalader is designing the project. Construction is anticipated to begin in May 1978 with completion expected within 13 months. Table 6 shows the estimated costs of construction and the sources of funds. The architects have designed various alternatives into the construction program to adjust the planned project to available funds should the initial construction bids be greater than available funds.

Preliminary applications have been made to the State Department of Health Facilities Development Section, the Office of State Fire Marshal and the Office of the State Architect. The project architect plans to make final application to the aforementioned agencies during the last week of February.

The soils and engineering report, prepared by The Foundation Engineers, Inc., Fresno, California, has been submitted to the State Bureau of Mines and Geology. The seismic report was prepared by Gasch & Associates, Inc., Sacramento, California.

The seismic report concludes that there is no evidence the one-story hospital structures are built directly on a fault. The hospital lies in an area with relatively high seismic risks, and may be subject to detrimental secondary seismic risks.

TABLE 5
PROPOSED CONSTRUCTION

	New Construction (square feet)	Renovation (square feet)
Intensive care/coronary care	3,740	
Post-anesthesia recovery	640	
Laboratory	1,008	768
Emergency/outpatient	1,890	800
Administration	3,064	1,504
General renovation		2,664
Total	10,342	5,736

TABLE 6
DISPOSITION OF BOND PROCEEDS

Items to be Financed	Cost
Site work	\$103,000
New construction	894,000
Renovation	222,000
Construction	\$1,219,000
Group II furnishings and equipment	180,000
Architects/engineering compensation, inspection, miscellaneous	200,000
Project contingency	121,000
Total Bond Issue Requirement	\$1,720,000

TABLE 7
ESTIMATED ANNUAL BOND SERVICE
SAN BENITO HOSPITAL DISTRICT 1978 BONDS
\$1,720,000 PRINCIPAL AMOUNT

Year	Principal Outstanding Beginning of Year	Interest at 6.25%		Principal Maturing February 1	Total Estimated Bond Service
		August 1	February 1		
1978/79	\$1,720,000	\$ —	\$107,500	\$ —	\$ 107,500
1979/80	1,720,000	53,750	53,750	30,000	137,500
1980/81	1,690,000	52,813	52,812	35,000	140,625
1981/82	1,655,000	51,719	51,719	35,000	138,438
1982/83	1,620,000	50,625	50,625	40,000	141,250
1983/84	1,580,000	49,375	49,375	40,000	138,750
1984/85	1,540,000	48,125	48,125	45,000	141,250
1985/86	1,495,000	46,719	46,719	50,000	143,438
1986/87	1,445,000	45,156	45,156	50,000	140,312
1987/88	1,395,000	43,594	43,594	50,000	137,188
1988/89	1,345,000	42,031	42,031	55,000*	139,062
1989/90	1,290,000	40,313	40,312	60,000*	140,625
1990/91	1,230,000	38,438	38,437	65,000*	141,875
1991/92	1,165,000	36,406	36,406	70,000*	142,812
1992/93	1,095,000	34,219	34,219	75,000*	143,438
1993/94	1,020,000	31,875	31,875	75,000*	138,750
1994/95	945,000	29,531	29,531	80,000*	139,062
1995/96	865,000	27,031	27,031	85,000*	139,062
1996/97	780,000	24,375	24,375	90,000*	138,750
1997/98	690,000	21,563	21,562	100,000*	143,125
1998/99	590,000	18,438	18,437	100,000*	136,875
1999/2000	490,000	15,313	15,312	110,000*	140,625
2000/01	380,000	11,875	11,875	120,000*	143,750
2001/02	260,000	8,125	8,125	125,000*	141,250
2002/03	135,000	4,219	4,219	135,000*	143,438
		\$825,628	\$933,122	\$1,720,000	\$3,478,750

* Callable on or after February 1, 1998.

DISTRICT FINANCIAL DATA

Assessed Valuations

The San Benito Hospital District assessed valuation is established by the San Benito County Assessor's office, except that the assessed valuation of utility property is established by the State Board of Equalization. According to the State Board of Equalization, the 1977/78 San Benito County assessed valuation averages approximately 23.0% of full value. The valuation of utility property is established at approximately 25% of full value.

Table 8 shows a summary of the District assessed valuation since 1967/68. Table 9 presents a detailed summary of the District 1977/78 assessed valuation.

The District's assessed valuation has increased 85% from \$62.5 million during fiscal year 1967/68 to \$115.7 million during 1977/78. The fiscal year 1977/78 assessed valuation increase over 1976/77 was 7.7%. During the last five years, the assessed valuation increase over the prior year averaged 9.5%.

Table 10 presents a five-year history of the assessed valuation for the County of San Benito, the City of San Juan Bautista, the City of Hollister, and the District. The District encompasses 94% of the County assessed valuation while the City of Hollister and the City of San Juan Bautista account for 31% and 3%, respectively, of the District assessed valuation.

Within San Benito County, the San Benito Joint Union High School District and the San Benito Hospital District have the same boundaries and therefore have the same assessed valuation (the high school district has an additional \$1.5 million assessed valuation in Santa Clara County).

In 1965 the California Legislature passed the Williamson Act (amended in 1967) which allows California counties to establish agricultural preserves with assessed valuations based upon income derived from the land in its agricultural use rather than

on the basis of the price a willing seller would ask of a willing buyer. As of March 1, 1977, about 450,187 acres of agricultural and grazing land within the District, or about 63% of the total land in the District, was included in a Williamson Act agricultural preserve.

Under amendments adopted in 1968 to the Constitution and Statutes of the State of California, two types of exemptions of property from ad valorem taxes were authorized beginning in the tax year 1969/70. The first of these exempts 50% of the assessed valuation of business inventories from taxation. The second provides for exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor. Revenue estimated to be lost to local taxing agencies due to such exemptions, however, is to be reimbursed from state sources.

TABLE 8
DISTRICT
ASSESSED VALUATION

<i>Fiscal Year</i>	<i>Assessed Valuation for Revenue Purposes</i>
1967/68	\$ 62,584,670
1968/69	68,107,530
1969/70	70,273,666
1970/71	70,006,490
1971/72	71,426,350
1972/73	73,599,850
1973/74	80,439,820
1974/75	88,195,294
1975/76	98,599,050
1976/77	107,465,380
1977/78	115,701,542

Source: Office of the County Assessor.

TABLE 9
SAN BENITO HOSPITAL DISTRICT
1977/78 ASSESSED VALUATION*

Local secured	\$ 85,854,717
Utility	10,783,820
Unsecured	8,075,075
Business inventory exemptions	5,301,950
Homeowners exemptions	5,685,980
Total	\$115,701,542

* Total assessed valuation for revenue purposes.
Source: Office of the County Assessor.

TABLE 10
ASSESSED VALUATION COMPARISONS*

<i>Fiscal Year</i>	<i>San Benito Hospital District</i>	<i>City of Hollister</i>	<i>City of San Juan Bautista</i>	<i>County of San Benito</i>
1973/74	\$ 73,599,850	\$20,710,370	\$2,008,720	\$ 85,849,396
1974/75	80,439,820	23,203,534	2,537,250	93,699,084
1975/76	98,599,050	30,065,200	2,573,920	104,380,260
1976/77	107,465,380	34,870,820	2,676,960	114,146,260
1977/78	115,701,542	36,207,322	3,425,270	123,020,912

* Assessed value for revenue purposes.
Source: Office of the County Assessor.

Such reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by any amount for estimated delinquencies.

Ad Valorem Taxes and Delinquencies

All ad valorem taxes levied on property in the District are due at the same time as and are based on the same rolls as county taxes. Ad valorem taxes on secured and utility property are payable on November 1 and February 1 of each fiscal year and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are due on March 1.

The county tax collector has no easily available record of District tax delinquency. As an indication of the collection record of the District, Table 11 shows the record of the county. Since the District accounts for 94% of the county assessed valuation, the county delinquency history serves as a reasonable indicator of the District delinquency history.

Tax Rates

Table 12 shows the total 1977/78 tax rates for the largest code area in the District within the City of Hollister and within the City of San Juan Bautista. Also shown in Table 12 is the tax rate of the District's largest unincorporated code area.

The District has historically levied a property tax for hospital operating purposes and for general obligation bond debt service. Under California law, the District can levy a maximum ad valorem operation and maintenance tax of 20¢ per \$100 assessed valuation. However, taxes levied for the payment of interest and principal on the existing and the currently offered District general obligation bonds are in addition to general purpose taxes and are not subject to any statutory or voter-imposed limitations. Table 13 shows a five-year history of the District tax rate.

TABLE 11
COUNTY OF SAN BENITO
COUNTY SECURED TAX LEVIES AND DELINQUENCIES*

Fiscal Year	County Secured Tax Levies	Delinquent as of June 30	
		Amount	Percent
1967/68	\$3,762,959	\$ 16,335	0.434%
1968/69	4,143,708	36,433	0.879
1969/70	4,657,452	27,876	0.599
1970/71	4,892,781	73,254	1.497
1971/72	5,128,859	100,600	1.961
1972/73	5,541,512	101,463	1.830
1973/74	5,808,754	118,487	2.039
1974/75	6,428,472	163,636	2.545
1975/76	7,142,846	130,157	1.822
1976/77	7,657,258	115,584	1.509

* San Benito County secured tax levies and delinquencies are presented as an indicator of the Hospital District delinquencies as of June 30 of each year. The county secured assessed valuation for fiscal year 1977/78 is \$103,202,307, while the District secured assessed valuation is \$96,638,537 for the same year. Since 94% of the county assessed valuation is located within the District, the county delinquency rate serves as a reasonable indicator of District tax delinquencies.

Source: Office of the County Tax Collector.

TABLE 12
REPRESENTATIVE 1977/78 TAX RATES WITHIN THE DISTRICT*

	Tax Code 1-01 in City of Hollister	Tax Code 2-00 in City of San Juan Bautista	Tax Code 67-03 Unincorporated
General County and debt service	\$1.50	\$1.50	\$1.50
State fire control	—	.13	.13
Equalization aid	.05	.05	.05
Education tax areas	.23	.23	.23
City tax rates	1.25	1.45	—
Gavilan Junior College tax rate	.77	.77	.77
San Benito High School tax rates	2.11	2.11	2.11
Elementary school tax rates	2.97	3.09	2.97
San Benito Hospital District general	.20	.20	.20
San Benito Hospital District debt service	.03	.03	0.3
San Juan cemetery	—	.08	—
San Benito County WC and FC administration	.02	.02	.02
Total 1977/78 Tax Rate	\$9.13	\$9.66	\$8.01
1976/77 tax rate	\$8.90	\$9.72	\$7.75
1975/76 tax rate	\$8.93	\$9.61	\$7.79

* Levied on all land, improvements and personal property; excludes land only levies of \$0.88 in each listed code area for County WC and FCC District.

Source: Office of the County Auditor.

Debt Statement

Table 14 shows a statement of the District's estimated overlapping bonded debt. The District currently has \$85,000 of general obligation debt. The last debt service payment on the existing general obligation bonds is due in 1980. The District has no equipment lease obligations or other debt.

District Financial Statements

Table 15 presents the District balance sheet as of June 30, 1977. Table 16 shows a five-year statement of revenue and expenses while Table 17 is a summary of the District approved 1977/78 budget. Table 18 shows the July 1, 1977 through November 30, 1977 unaudited District revenue and expense statement. Data for December 1977 were not available as of the date of this Official Statement.

TABLE 13
DISTRICT AD VALOREM TAXES

	<i>Tax Rate for General Operating Purposes</i>	<i>General Obligation Bond Tax Rate*</i>	<i>Total District Tax Rate</i>
1973/74	\$0.20	\$0.03	\$0.23
1974/75	0.20	0.04	0.24
1975/76	0.15	0.03	0.18
1976/77	0.15	0.02	0.17
1977/78	0.20	0.03	0.23

* Debt service on existing general obligation bonds will terminate in 1980.
Source: Office of the County Auditor.

TABLE 14
ESTIMATED DIRECT AND OVERLAPPING DEBT*

Estimated population	19,885
1977/78 assessed valuation	\$115,701,542
Estimated market value	\$499,299,000

<i>Entity</i>	<i>Percent Applicable</i>	<i>Debt Applicable February 1, 1978</i>
San Benito Hospital District	100. %	\$1,805,000†
San Benito County	94.050	117,563
Gavilan Joint Community College District	28.613	600,873
San Benito Joint Union High School (1961 issue)	92.767	41,745
San Benito Joint Union High School (1973 issue)	98.490	645,110
Hollister School District	100.	1,005,000
San Juan Union School District	100.	205,000
San Benito Water Conservation and Flood Control District, Zone No. 3	100.	90,000
Sunnyslope County Water District	100.	60,000
Sunnyslope County Water District, Irrigation District No. 1	100.	133,000
Tres Pinos County Water District	100.	107,000
City of Hollister 1915 Act Bonds	100.	9,145
Pacheco Pass Water District 1915 Act Bonds	100.	41,000
Total Direct and Overlapping Bonded Debt§		\$4,860,436‡

	<i>Ratio to</i>		
	<i>Assessed Valuation</i>	<i>Estimated Market Value</i>	<i>Per Capita</i>
Direct debt	1.56%	0.36	\$90
Direct and overlapping debt	4.20	0.97	\$243
Assessed valuation	—	23.17	\$5,785

* Compiled by California Municipal Statistics, Inc.

† Including \$1,720,000 to be sold February 1, 1978.

‡ Excluding \$1,425,000 San Benito County Flood Control and Water Conservation District federal loan, largely interest-free; also excludes City of Hollister revenue bonds.

§ Overlapping authorized and unsold debt totals \$865,000. The District's share of State School Building Aid loans to overlapping school districts totaled \$3,645,666 as of June 30, 1977.

TABLE 15
SAN BENITO HOSPITAL DISTRICT
BALANCE SHEETS
June 30, 1977 and 1976

	1977	1976
ASSETS		
Current assets		
Cash		
Operating	\$ 1,515	\$ 73,329
Designated for bond interest and principal	6,715	10,931
Patient accounts receivable less allowance for doubtful accounts of \$112,000 in 1977 and \$79,148 in 1976	596,651	442,446
Estimated settlements on government reimbursement programs ^②	139,000	11,000
Inventories, at lower of cost (first-in, first-out) or market	87,469	69,984
Prepaid expenses	40,622	37,144
Total current assets	871,972	644,834
Board designated assets ^③	276,719	353,420
Property, plant and equipment, at cost^{①⑤}		
Land and land improvements	46,317	44,732
Buildings	1,284,997	1,235,322
Equipment	499,528	427,108
Total	1,830,842	1,707,162
Less accumulated depreciation	640,335	566,255
Net property, plant and equipment	1,190,507	1,140,907
Donor restricted assets ^④	18,691	16,885
Encumbered future revenue to retire bonded indebtedness ^{①⑤}	91,300	120,260
TOTAL	\$2,449,189	\$2,276,306

① Organization and significant accounting policies: The San Benito Hospital District is a special district of San Benito County, California, administered by its own board of directors. The District presently operates the Hazel Hawkins Memorial Hospital (acute care) and the Hazel Hawkins Convalescent Hospital—Southside (extended care) (see ③), both in Hollister, California. Taxes are levied on the secured and unsecured property within the District for general operating purposes and also for debt amortization and interest. Tax revenues with respect to bond redemptions are credited directly to encumbered future revenue to retire bonded indebtedness.

The Hospital depreciates its property, plant and equipment using the straight-line method over the following estimated useful lives: Land improvements, 10-20 years; Buildings and improvements, 10-50 years; and Equipment, 3-15 years.

② Government reimbursement programs: Approximately \$1,545,000 and \$1,033,000 of net revenues in 1977 and 1976, respectively, were derived from hospital care rendered to patients covered by the Federal Medicare and California Medi-Cal programs. Under these programs, the Hospital is reimbursed for services rendered patients on an interim basis at a rate which should approximate its allowable operating costs. Final settlements are based upon annual cost reimbursement reports reflecting actual costs, as defined under the regulations, to patients so covered. Differences between charges and reimbursable cost are included in deductions from revenue in the statement of revenues and expenses and aggregated \$182,867 and \$149,246 in 1977 and 1976, respectively. Reimbursement is also limited to the lesser of reimbursable cost or customary charges. The Hospital has provided for the estimated amounts of the final settlements.

③ Contract with the County of San Benito: The Hospital District has a contract with the County of San Benito to provide hospital services for indigent persons and to lease the former county hospital facility at a nominal amount. This facility operates as the Hazel Hawkins Convalescent Hospital—Southside. Both the agreement and lease are automatically renewable on a year-to-year basis unless written notice is given by either party thirty days prior to the end of each year. No such notice has been effected as of the end of the current year.

④ Hill-Burton charity aid requirements: A portion of the Hospital's present facility, valued at approximately \$330,000, which was completed in 1963, was financed through a grant provided by the federal government under the Hill-Burton Hospital Construction Program. Federal regulations state that hospitals receiving such grants must provide a certain volume of care for persons unable to pay. The regulations provide various bases upon which to determine the amount of uncompensated care that shall be provided. The Hospital has currently elected the option of providing uncompensated services by certifying that it will not refuse admission to any person because of the person's inability to pay. The regulations are administered by the State of California. Effective July 24, 1977 the State regulations were modified to require hospitals electing the "open door policy" to justify such policy if uncompensated care provided on an annual basis is less than 10% of the original grant or 3% of its operating expenses (net of costs of government cost reimbursement type programs). The Hospital is subject to the regulations until at least June 1983 which is twenty years from completion of the facility.

In the opinion of management, the Hospital is complying with the regulations and further believes that the requirement should not have a material adverse effect upon future operating results or financial position.

	1977	1976
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable	\$ 178,725	\$ 88,726
Accrued payroll, payroll taxes and other	122,651	100,927
Matured bonds and interest coupons not redeemed	1,800	1,440
Long-term debt due within one year ^⑤	31,760	36,094
Total current liabilities	334,936	227,187
Long-term debt due after one year ^{⑤⑥}	63,240	95,000
Commitments and contingencies^{③①}		
Fund balances^{③⑦}		
Unrestricted		
General	1,755,603	1,583,814
Board designated	276,719	353,420
Total	2,032,322	1,937,234
Donor restricted	18,691	16,885
Total fund balances	2,051,013	1,954,119
TOTAL	\$2,449,189	\$2,276,306

⑤ Long-term debt: Long-term debt consists of the following:

	1977	1976
3.5% and 3.6% general obligation bonds (including unmatured interest coupons of \$6,300 and \$10,260 at June 30, 1977 and 1976, respectively).....	\$91,300	\$120,260
5% note payable due in monthly installments of \$614 including interest, final payment due December 1977. Secured by the equipment acquired under the obligation.....	3,700	10,834
	95,000	131,094
Less amounts due within one year.....	31,760	36,094
	\$63,240	\$ 95,000

The general obligation bonds and interest thereon require annual payments in amounts ranging from \$32,160 to \$28,060 over the next three years. The final payment is due in 1980. The District currently assesses a tax of \$.02 per \$100 of assessed valuation to retire the bonds.

⑥ Donor restricted assets: Donor restricted assets (represented by cash and securities) are comprised as follows:

	1977	1976
Endowment (three funds)		
Principal	\$ 8,000	\$ 8,000
Income (available for specific purposes).....	3,411	2,699
	11,411	10,699
Specific purpose—available for purchase of certain assets.....	7,280	6,186
	\$18,691	\$16,885

⑦ Board designated assets: These assets consist of savings accounts and time certificates of deposit which have been designated by the Hospital's board of directors to pay for future capital improvements and replacements.

⑧ Pension plan: The Hospital District participates in the State of California Public Employees' Retirement System, which covers substantially all employees. Pension expense for the year ended June 30, 1977 was approximately \$126,000.

The Hospital is required to make monthly contributions equal to 10.79% of gross salaries paid to covered employees. The employees' contribution rate is 7% of covered salaries. Contribution rates are sufficient to fund benefits over the service life of the members. The excess, if any, of the actuarially computed value of vested benefits over plan assets is not available.

Source: Prepared by financing consultant on the basis of audited reports to the District.

TABLE 16
SAN BENITO HOSPITAL DISTRICT
STATEMENT OF REVENUES AND EXPENSES
 Years ended June 30, 1973 through 1977

	1973	1974	1975	1976	1977
OPERATING REVENUES*					
Patient care and service	\$1,355,855	\$1,555,645	\$1,884,842	\$2,390,932	\$3,153,085
Less contractual allowances and provision for uncollectible accounts	(116,869)	(63,214)	(119,900)	(226,936)	(336,327)
Net patient care and service revenue	\$1,238,986	\$1,492,431	\$1,764,942	\$2,163,996	\$2,816,758
Taxes†	165,656	157,612	192,815	150,264	173,098
Other	11,426	16,767	18,178	23,108	30,880
Total Operating Revenues	\$1,416,068	\$1,666,810	\$1,975,935	\$2,337,368	\$3,020,736
OPERATING EXPENSES‡					
Patient care and service	\$ 772,750	\$ 871,650	\$1,031,569	\$1,231,091	\$1,596,928
Patient supportive services	373,689	417,198	495,952	569,757	669,737
Administrative and general	219,387	239,582	293,158	422,703	601,478
Depreciation	49,178	60,214	62,063	66,461	74,080
Interest	1,825	8,288	6,657	5,563	4,339
Total Operating Expenses	\$1,416,829	\$1,596,932	\$1,889,399	\$2,295,575	\$2,946,562
Income from operations	\$ (761)	\$ 69,878	\$ 86,536	\$ 41,793	\$ 74,174
NONOPERATING REVENUES					
Unrestricted donations	\$ 53,070	\$ 1,915	\$ 946	\$ 674	\$ 2,467
Income earned on board designated assets	—	26,403	28,368	21,265	12,947
Total Nonoperating Revenues	\$ 53,070	\$ 28,318	\$ 29,314	\$ 21,939	\$ 15,414
REVENUES IN EXCESS OF EXPENSES	\$ 52,309	\$ 98,196	\$ 115,850	\$ 63,732	\$ 89,588
Beginning fund balance	\$1,582,641	\$1,646,625	\$1,747,701	\$1,868,530	\$1,937,234
Revenues in excess of expenses	52,309	98,196	115,850	63,732	89,588
Donations — unrestricted	—	2,750	4,979	1,711	5,500
Use of funds for restricted or designated purpose	11,675	130	—	3,261	—
FUND BALANCE	\$1,646,625	\$1,747,701	\$1,868,530	\$1,937,234	\$2,032,322

* See text of footnote ② on page 12.

† See text of footnote ① on page 12.

‡ See text of footnote ① and footnote ③ on pages 12 and 13.

Source: Prepared by financing consultant on the basis of audited reports to the District.

Jarvis Amendment

Petitions for a proposed initiative constitutional amendment to the California Constitution entitled "Property Tax Limitation, Initiative Constitutional Amendment" have been circulated and filed with the county clerks/registrars of voters of

the various counties of the State of California. As of the date of this Official Statement it appears that the signatures on said petitions are sufficient in number to qualify the initiative for submission to the voters at the June 6, 1978 statewide election.

The office of the Attorney General of the State of California has provided the following summary of the initiative:

"PROPERTY TAX LIMITATION. INITIATIVE CONSTITUTIONAL AMENDMENT. Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975/76 assessed valuation as base value of property for tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer or construction. Requires 2/3 vote of

Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes specified local entities to impose special taxes except ad valorem, sales and transaction taxes on real property. Financial Impact: Would result in the loss of local property tax revenues of \$7 billion to \$8 billion annually and a reduction in state costs of about \$700 million in 1978/79 and \$800 million annually thereafter."

If approved by the voters of the State, the initiative constitutional amendment will not affect the District's obligation to cause taxes to be levied and collected to pay the principal of and interest on the bonds, which were approved by the voters of the District on November 8, 1977. However, the amendment, if approved by the voters of the State, could have a significant adverse impact on the financial condition of the District in that revenues from property taxes available to the District for other purposes could be substantially reduced.

The District cannot predict whether this initiative constitutional amendment will be approved by the voters of the State, or, if approved, whether the validity of the initiative will be challenged in the courts, or, if so challenged, whether the initiative will be upheld, in whole or in part. Also, the District is unable to make any predictions as to whether additional sources of money would be made available by the California Legislature to hospital districts, including the District, if the initiative is approved and results in a reduction in property tax revenues available to hospital districts, including the District.

Budget Process

The District budget is prepared by the District Administrator, Controller and department heads during the months of March, April, May and June of each year. At a public meeting in June, the Board of Directors of the District reviews and approves the budget.

District Employees

The District has 93.7 full-time equivalent employees at the Hazel Hawkins

Memorial Hospital and 35.7 full-time equivalent employees at the Hazel Hawkins Convalescent Hospital.

TABLE 17
SAN BENITO HOSPITAL DISTRICT BUDGET
1977/78 BUDGET

	Revenue	Expenses
HAZEL HAWKINS MEMORIAL HOSPITAL		
Intensive care	\$ 86,768	\$ 33,100
Coronary care	116,820	65,900
Medical-surgical care	947,792	505,613
Obstetrics	70,200	93,825
Nursery	49,278	25,602
Labor-delivery	58,874	19,940
Surgery-recovery	174,342	108,710
Anesthesiology	86,129	51,638
Central supply	44,645	45,545
Laboratory	452,580	262,440
EKG	22,881	13,760
EEG	12,320	4,360
Radiology	370,436	223,497
Pharmacy	104,856	44,980
IV	42,535	32,521
Inhalation therapy	28,761	15,168
Physical therapy	25,633	23,341
Emergency room	61,313	39,420
Emergency — contracted MD's	56,450	112,940
Dietary (cafeteria)	11,484	116,099
Laundry and linen		20,331
Purchasing and storeroom		30,253
Housekeeping		78,110
Plant maintenance		161,266
General accounting		40,397
Communications		47,663
Patient accounting		108,157
Data processing		56,519
Admitting		18,086
Administration		58,787
Medical library		4,074
Medical records		76,391
Nursing administration		23,450
Other: insurance, fees, interest, licenses, sales tax, etc.	11,525	238,710
Allowances:		
Hill Burton	(47,000)	
Medicare / Medi-Cal	(55,650)	
Employer and other	(6,350)	
Total Hazel Hawkins Memorial	\$2,726,622	\$2,800,523
HAZEL HAWKINS CONVALESCENT HOSPITAL		
Patient care services	\$ 522,224	\$ 293,272
Dietary	2,700	103,824
Laundry and linen	—	9,450
Housekeeping	—	43,664
Plant operation and maintenance	—	33,790
Administration and other	—	29,796
Nursing administration	—	30,631
Cost recovery	4,600	—
Nursing inservice	—	18,800
Total Hazel Hawkins Convalescent	\$ 529,524	\$ 563,227
Total Hazel Hawkins Memorial	\$2,726,622	\$2,800,523
Total Tax Revenue	\$ 200,000	—
District total before capital equipment and improvements and bond proceeds	\$3,456,146	\$3,363,750
Estimated District revenues in excess of expenses prior to capital equipment and improvements and bond proceeds	\$ 92,396	—

Source: District Administrator.

As of the date of this Official Statement, the District has never had an employee contract with a union nor has it had an employee strike. However, the California Nurses Association has conducted a successful election to represent nurses and is currently attempting to negotiate an agreement with the District. Furthermore, Local 250 of the Hospital and Institutional Workers Union is reported to be attempting to organize non-professional employees.

The District participates in the State of California Public Employees' Retirement System, "P.E.R.S.", which covers substantially all employees. The total District contribution to P.E.R.S. in 1976/77 was approximately \$126,000. The percentage of salary contributed in 1976/77 by the District was 10.79% while the percentage of salary contributed by employees was 7%.

P.E.R.S. is required by state law to undergo a systems evaluation at least every four years. Periodic intervening checks of actuarial assumptions and other aspects of the system are also made. The June 30, 1976, audit of P.E.R.S. by Coopers & Lybrand, Certified Public Accountants, reported an accrued actuarial liability and present value of benefits for active and inactive members totalling approximately \$14.6 billion. Assets available for benefits were placed at about \$7.9 billion leaving an unfunded liability of about \$6.7 billion.

Upon completion of the 1975 systemwide evaluation, actuaries then determined that restoration and maintenance of the system's necessary balances required a three-step annual increase of 1% in the average percentage employer contribution beginning July 1, 1975.

Major Taxpayers

Table 19 shows identifiable net (i.e. after exemptions) assessed valuations of ten of the District's largest taxpayers. Some of the large property holdings in the District may be held under various names, not all of which may have been identified and combined with the data listed.

TABLE 18
SAN BENITO HOSPITAL DISTRICT
STATEMENT OF REVENUES AND EXPENSES
July through November 1977
(Unaudited)

OPERATING REVENUES	
Patient care and service	\$1,438,696
Less contractual allowances and provision for uncollectible accounts	(96,211)
Net Patient Care and Service Revenue	\$1,342,485
Taxes	123,326
Other	15,332
Total Operating Revenues	\$1,481,143
OPERATING EXPENSES	
Patient care and service	829,856
Patient supportive services	314,089
Administration and general	355,143
Depreciation	31,457
Interest	256
Total Operating Expenses	\$1,530,801
Income from operations	\$ (49,658)
Nonoperating revenues	
Income earned on board designated assets	6,672
Total Nonoperating Revenues	\$ 6,672
Revenues in Excess of Expenses	\$ (42,986)*

* The fiscal year 1977/78 district budget shows an estimated \$92,396 excess of operating revenues in Table 17. As of the date of this Official Statement, the District Administrator projects approximately \$70,000 excess revenues over expenses will be attained by the end of the current fiscal year. Hospital occupancy rates and resulting hospital revenues during the first months of each fiscal year have historically been lower than occupancy rates and resulting hospital revenues during the January through June period. Extraordinary expenses incurred during the first five months of fiscal year 1977/78 which resulted in the \$42,986 November 30, 1977 deficit include costs of conversion to a computer billing system, unbudgeted legal fees, unbudgeted capital equipment repairs, and conversion to a new individualized nursing program resulting in temporarily increased nursing costs.

Source: District Administrator.

TABLE 19
MAJOR DISTRICT TAXPAYERS*

<i>Taxpayer</i>	<i>Net Assessed Valuation†</i>
Almaden Vineyards	\$4,814,950
Granite Rock Company	1,900,150
Teledyne, Inc.	1,829,800
NCC Food Corporation	1,323,697
San Benito Ranch Company	1,280,640
Bertuccio, Paul W. et al.	904,310
Waldo Rohnert Company	773,970
Las Aguilas Corporation	693,976
Hollister Plaza Ltd.	424,640
Marks, Jim	404,950

* Does not include utility companies such as Pacific Gas & Electric, Pacific Telephone and Telegraph Company or Southern Pacific.

† Assessed valuations are net amounts after deductions for exemptions.

Source: Derived from a visual inspection of the County Assessment Roll in the County-Tax Collector's Office.

REGIONAL
CHARACTERISTICS AND
DEMOGRAPHICS

The San Benito Hospital District covers approximately 1,113 square miles in San Benito County. The District is located south of Santa Clara County and east of Monterey County in the central coast region of California about 49 miles south of San Jose, 90 miles south of San Francisco and 300 miles north of Los Angeles on U.S. Highway 101.

The District lies between two coast ranges, the Gabilan Range on the west and the Diablo Range on the east. Between the two mountain ranges is the San Benito River Valley. Elevations vary from 135 feet at the northern end of the District to 5,241 feet at San Benito Peak.

The remains of Mission San Juan Bautista, built in 1797 on land presently within the City of San Juan Bautista, are preserved as the San Juan Bautista Historical Monument.

The area within the District with the most assessed valuation includes the City of Hollister, City of San Juan Bautista and the communities of Tres Pinos, Paicines, Panoche Valley and Dunneville. Surrounding the aforementioned communities are the District's fertile agricultural lands.

Population

The population of the San Benito Hospital District is estimated at 20,000 while the population of the County of San Benito is estimated at 20,650. Consequently, 97% of the county residents reside within the District and are in the District primary service area. Population growth since 1970 for the District, City of Hollister, and the City of San Juan Bautista is shown in Table 21. County population since 1930 is shown in Table 20.

TABLE 20
COUNTY POPULATION

April	Population
1930	11,311
1940	11,392
1950	14,370
1960	15,396
1970	18,226

Source: U.S. Department of Commerce, Bureau of the Census.

Agriculture

Agriculture, the historic economic base of San Benito County, is highly developed and diversified in the District and county. County agricultural data will be used to indicate the agricultural base of the District since the District and county agricultural land area is nearly coterminous and since no separate agricultural statistics are available for the District.

Rich soil, level land, and favorable climatic conditions combine to make San Benito County agri-business the major source of District wealth. In addition, food processing and related industries provide employment for District residents and markets for crops produced in the District.

Land utilized for agriculture in San Benito County and the District is primarily planted in tomatoes, walnuts, sugar beets, apricots, lettuce, grapes, barley, grain, and alfalfa hay. Table 24 shows San Benito County agricultural production from 1971 through 1976, (1977 data will not be available until April 1978). Total county agricultural production has increased from a 1971 estimated value of \$36 million to about \$52 million in 1976. The value of San Benito County agricultural production reached an all time high of \$64 million during 1975. The county Agricultural Commissioner reports that during 1976 most categories of crops were down in value when compared with the county's best historical agricultural year in 1975 due to inclement weather affecting the 1975 tomato harvest and lower prices per ton for many District crops during 1975.

Table 22 shows a high concentration of agricultural land to be in high value vegetable, fruit and nut crops. The District's relatively even climate, which is a function of its proximity to the Pacific Ocean, is a major factor permitting the cultivation of a wide variety of vegetable crops and premium varietal grapes. The District is far enough inland to escape the chill, damp fog and coastal winds of the Pacific, yet close enough to the coast to catch the cool afternoon

TABLE 21
POPULATION

	1/1/73	1/1/74	1/1/75	1/1/76	1/1/77*
Hollister	8,575	8,375	8,575	8,875	9,175
San Juan Bautista	1,200	1,170	1,170	1,080	1,090
Unincorporated	9,425	9,855	9,655	10,195	10,385
San Benito County	19,200	19,400	19,400	20,150	20,650
District Estimate*	—	—	—	—	20,000

* Estimate was based on a survey of the county tax records in county areas outside the District showing numbers of residents claiming the homeowner's exemption.
Source: State of California, Department of Finance.



Upper Left: *District tomatoes and walnuts.*
 Upper Right: *Irrigation of a vineyard.*
 Center: *District sugar beets.*
 Lower Left: *Harvesting tomatoes.*
 Lower Right: *New vineyard being irrigated.*

Photos by Harry Cullum.

winds blowing in from the ocean. The easterly Diablo mountain range shelters the District from the hot dry air typical of the adjoining San Joaquin Valley area.

The high San Benito County concentration of vegetable, grape, fruit, and nut crops requires substantial capital investment when compared with the considerably lower labor and capital investment requirements of such crops as corn, wheat, barley, or alfalfa which are major crops in other locations throughout the United States.

Almaden Vineyards, with 4,349 acres in the District, reports it is the third largest wine producer in the United States and has the largest fine varietal wine vineyards in the world. Approximately 65% of Almaden-owned vineyards are located within the District while two of Almaden's four winery facilities are also located within the District. Wine capacity at the District Almaden-Paicines winery is 7.6 million gallons while capacity at the District Almaden-Cienega winery is 5.4 million gallons.

Almaden-Cienega winery reported it houses the largest cellar in the world for table wines and sherries with more than 37,000 oak barrels in its interior constituting more cooperage for aging

of fine wines than is located in any other winery in the world. Almaden makes its white wine at its Paicines winery where it has over 2,400 oak puncheons, 84 redwood tanks with a combined capacity of 2.6 million gallons, and wine cellars capable of holding or aging over 7.5 million gallons of wine.

Seed production in the District accounted for \$744,000 in gross agricultural value. Major seed producers include Keystone Seed Co. and Ferry Morse Seed Co.

TABLE 22
COUNTY CROP ACREAGE*

<i>Crop</i>	<i>Number of Acres</i>
Vegetables and row crops	14,890
Fruits and nuts	14,418
Field crops	28,479
Total Estimated Crop Acreage	57,787

* Nonirrigated pasture and range land within the county includes approximately 508,000 acres grazed by the 44,660 1976 County cattle herd.

Source: 1976 Annual Crop Report, Department of Agriculture, San Benito County, California.

TABLE 23
1976 TEN MAJOR COUNTY CROPS

<i>Crop</i>	<i>Estimated Acres in Production</i>	<i>Estimated Value of Crop</i>
Tomatoes (canning and fresh market)	7,420	\$7,252,000
Cattle*	—	5,558,000
Lettuce	2,500	5,038,000
Nursery stock	510	3,210,000
Livestock products†	—	2,890,500
Onions	790	2,750,000
Sugar beets	3,554	2,660,000
Walnuts	4,639	2,590,000
Bell peppers	1,000	2,142,000
Apricots	2,736	2,052,000

* 44,660 head.

† \$260,000 milk, \$1,351,000 eggs, \$246,000 manufacturing, \$33,500 wool.

Source: 1976 Annual Crop Report, Department of Agriculture, San Benito County, California.

TABLE 24
SAN BENITO COUNTY AGRICULTURAL PRODUCTION

<i>Product</i>	<i>1971</i>	<i>1972</i>	<i>1973</i>	<i>1974</i>	<i>1975</i>	<i>1976</i>
Vegetable and row crops	\$13,902,000	\$15,005,900	\$19,128,000	\$24,540,000	\$24,386,000	\$22,173,000
Fruit and nut crops	7,969,000	8,066,000	14,262,000	13,600,000	12,363,000	9,734,000
Field crops	4,589,000	3,672,250	5,669,000	7,937,000	12,099,000	10,769,000
Livestock	6,343,000	6,866,000	11,685,000	6,048,000	10,738,500	5,752,500
Livestock products	2,209,200	2,245,500	3,417,000	3,782,000	4,021,000	2,890,500
Poultry	961,000	203,000	1,590,000	1,623,000	678,000	611,500
Total	\$35,973,200	\$36,058,650	\$55,751,000	\$57,530,000	\$64,285,500	\$51,930,500*

* During 1976, tomato production was down from 238,000 tons to 142,380 tons due to unusually large amounts of rain during late summer and early fall of 1976 which resulted in at least 1,200 acres of tomatoes not being harvested. The average price per ton of tomatoes was down during 1976 to \$47.50 per ton from \$56.50 per ton during the prior year. Consequently, the gross income for county tomato production of \$6.7 million during 1976 compared with \$13.4 million during 1975 reflects both lower production due to unusual rains during late summer and early fall 1976 and decreases in tomato prices by about \$9.00 per ton. In addition, apricots were sold by producers at an estimated \$150 per ton during 1976 compared with \$215 per ton during 1975. Also, walnut production during 1976 was down from 5,430 tons produced in 1975 to 3,500 tons during 1976 although the price of walnuts per ton increased from \$540 per ton in 1975 to \$740 per ton in 1976.

Source: Annual Crop Report, Department of Agriculture, San Benito County, California.

Industry and Employment

Over the last 20 years, the District's agricultural economy has been broadened to include a growing number of light industries. High technology firms now located in the District include Teledyne McCormick Selph; Halex, Incorporated; Occidental Chemical Co.; E.A. Thompson Manufacturing Co.; Advanced Connector Systems; Central Cal Electronics; Electro-Chem Industries; Cullum Systems; Christen Industries Inc.; Dekalb Ag Research Inc.; Engineered Components Inc.; and Force Chemical, and illustrate the District's increasingly balanced employment base.

The District is located in the Hollister labor market area. As indicated in Table 25, the diversified total employment in the District rose from 7,200 in 1972 to 9,075 in 1976, a 26% increase. Manufacturing accounted for 1,725 of the total 9,075 jobs during

1976, or 19% of all jobs. Nonagricultural employment of 5,250 was significantly greater than the 3,825 agricultural employment. Nearly 17% of total District employment is with federal, state and local governments.

Table 26 shows the major employers within the District and provides a brief description of their products or services.

District food processors include NCC Food Corporation, Northwest Packing Co., Vessey's Food, Inc., Guerra Nut Shelling Co., Almaden Wineries, Hollister Ice-Cold Storage, Mayfair Packing Dehydration and Elwood Dryden's Dried Fruits.

Almaden, which also has vineyards, employs as many as 309 people in its District wineries and vineyards. The NCC Food Corporation, owned by Growers Co-op, employs about 700 during the peak canning season and retains about 100 permanent employees most of the year. Located in a large 300,000 square-foot complex covering several blocks in Hollister, the NCC Food Corporation processes approximately 150,000 tons of tomatoes and 2,200 tons of spinach each year.

Northwest Packing, owned by Joseph J. Annotti, a Hollister resident, processed nearly 85,000 tons of tomatoes during 1977. Employing about 70 permanently and 700 during the peak food processing season, the firm has a 200,000 square-foot complex in eastern Hollister. Also located in eastern Hollister adjacent to the Southern Pacific Railroad is the Nical, Inc. paper mill which employs 84 in the manufacture of building papers and waterproofing and fireproofing construction materials.

Teledyne McCormick Selph, employing 300, designs, develops and manufactures explosive and pyrotechnic ordnance systems and components for use in aircraft safety and aerospace applications. An advanced state-of-the-art type of firm, Teledyne provides systems and components for many of the nation's missiles, space vehicles and aircraft.

Shelton Industries employs about 300 in the construction of Vacationeer campers and recreation vehicles. Halex Incorporated, with 135 employees, makes electro-explosive devices for space vehicles. Some Halex Incorporated products triggered eight separate functions on the Pioneer II, Jupiter and Saturn space flights.

TABLE 25
WAGE AND SALARY EMPLOYMENT*
HOLLISTER LABOR MARKET AREA
SAN BENITO COUNTY
Annual Average

	1972	1973	1974	1975	1976
Total, all industries	7,200	7,325	7,475	8,550	9,075
Agricultural wage and salary	2,825	2,700	2,900	3,725	3,825
Agricultural production	2,000	2,000	2,100	2,300	2,425
Agricultural services, forestry and fisheries	825	700	800	1,425	1,400
Nonagricultural wage and salary	4,375	4,625	4,575	4,825	5,250
Construction	175	200	200	200	225
Manufacturing	1,625	1,725	1,575	1,700	1,725
Transportation and public utilities	150	175	150	175	200
Wholesale and retail trade	825	825	850	875	975
Finance, insurance, and real estate	125	150	125	125	150
Services	350	375	375	400	475
Government†	1,125	1,175	1,300	1,350	1,500

* Employment reported by place of work. Does not include the self-employed, volunteer or unpaid family workers, private household workers, and persons involved in labor-management trade disputes.

† Includes all civilian employees of federal, state, and local governments, regardless of the activity in which the employee is engaged.

Source: California Employment Development Department.

The city-owned Hollister Municipal Airport, formerly a World War II Navy Air Base, maintains one 4,350-foot and one 4,000-foot runway. Located near the terminal are the following small research, manufacturing, government, and sales firms: Electro-Chem Industries Inc., Advanced Connector Systems, Inc., Soilserv Inc., Knutson Aircraft Sales, Weatherly Aviation Co. Inc., Kushion Kraft, a U.S. Department of Interior, Bureau of Reclamation San Felipe Project office and a National Guard Armory. San Benito Air Service operates the airport and provides a single and multi-engine air charter service, flight training, rental aircraft, and maintenance service.

Some industrial and light manufacturing firms which front State Highway 156 north of Hollister and within the District include: F-N-H Division of Gay Lee Products Inc.; E.A. Thompson Co., manufacturing chemists; Wiebe Manufacturing, Inc., engineers and fabricators; Northwest Packing; Coastal Ag-Chem; San Benito Tractor; Hollister Equipment Service, Inc.; and Hollister Tractor, an Allis-Chalmers agricultural and industrial equipment distributor.

Unemployment rates in the District reflect the seasonal nature of agriculture and processing of agricultural products. The 1976 annual average unemployment rate is reported at 11.9%. The latest available data place the July, August, September, October and November 1977 unemployment rates at 12.3%, 4.3%, 3.1%, 8.7%, and 10%, respectively.

TABLE 26
DISTRICT MAJOR EMPLOYERS

Firm	Product	Number of Employees	
		1976	11/77
NCC Food Corporation	Food processing and packing	100-700	100-700*
Northwest Packing Co.	Food processing	70-760	70-700*
Almaden Vineyards	Vineyards and wineries	313	309†
Vessey's Foods Inc.	Food processing	210	150
Shelton Industries	Vacationeer campers	230	300
Teledyne McCormick Selph	Explosive ordnance and pyrotechnic systems	400	300
Cullum Systems	Pumps — irrigation and well drilling	—	175
Holox Incorporated	Electrical explosive devices	94	135
Keystone Seed Co.	Seed	125	125
Ferry Morse Seed Co.	Seed growers and processors	75	100
Nical Inc.	Building papers, waterproofing and fireproofing products	84	84
Advance Connector Systems	Electronic components	—	52
Electro-Chem Industries	Missile components	50	50
Guerra Nut Shelling Co.	Nut processing	55	55

* Maximum seasonal employment.

† Includes combined total Almaden employment at six separate locations and some seasonal employment.

Source: The 1976 and 1977 San Benito County Industrial Index, San Benito County Chamber of Commerce, Hollister.



Photos by Harry Calum

Upper: Shelton Industries, employs 300.
 Center: Teledyne McCormick Selph, employs 300.
 Lower Left: Hollister Municipal Airport.
 Lower Right: An eastern Hollister food processing
 and paper manufacturing area.

Commerce

Volume of commerce within the San Benito Hospital District is reflected in Table 27 showing taxable transactions. During 1976, the latest complete year of available information, the District totaled approximately \$39 million in retail sales with 83% resulting from the 152 retail stores within the City of Hollister and 5% generated by the 46 retail businesses in San Juan Bautista.

About 250 retail stores do business within the District while nearly 250 other enterprises report taxable transactions. Total taxable transactions for the estimated 500 businesses in the District reached approximately \$53 million in 1976.

Hollister, registering 83% of total county retail sales and 70% of total county taxable transactions, clearly

serves as the county commercial center. Four banks with total deposits of nearly \$80 million as of June 30, 1976 are located in the District. On the same date two savings and loan banks in the District reported about \$25 million in savings balances.

Construction

Since 1972, 830 single-family residential and 386 multi-family building permits have been issued in San Benito County accounting for an estimated total new construction valuation of \$43.7 million. During 1977, permit valuations for new single-family residences averaged \$41,247.

Table 28 shows a five-year history of San Benito County new construction valuations and numbers of dwelling units. Data for the first 10 months of 1977 are also presented.

New single-family residential construction during 1976 and 1977 has increased dramatically over such construction during the 1972 through 1975 period. During the first 10 months of 1977, 239 single-family unit building permits were recorded while 211 were recorded during 12 months of 1976.

The Ridgemark Estates development south of Hollister is the site of an increasing number of new residences located near the Ridgemark Golf and Country Club. During recent years, an area east of the Hazel Hawkins Memorial Hospital and Convalescent Hospital has also been the site of significant new residential construction. Additionally, significant numbers of residences have been constructed in the agricultural areas of the county.

TABLE 27
TRANSACTIONS AND SALES PERMITS
SAN BENITO COUNTY
(Dollars in Thousands)

Type of Business	1972		1973		1974		1975		1976	
	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions	Permits	Taxable Transactions
RETAIL STORES										
Apparel	9	\$1,094	9	\$1,256	11	\$1,308	11	\$1,434	10	\$1,505
General merchandise	10	2,311	10	2,421	10	2,477	11	2,826	12	3,086
Drug	6	681	6	780	6	900	6	972	6	1,043
Food	22	3,314	24	4,033	23	4,824	22	5,411	23	5,195
Packaged liquor	6	856	6	897	6	1,040	7	1,186	7	1,210
Eating and drinking places	48	2,631	50	3,413	51	3,406	54	3,978	60	4,657
Home furnishings and building appliances	9	710	12	927	15	1,028	14	976	14	1,215
Building material and farm implements	15	1,930	16	2,098	17	2,667	16	3,514	15	4,030
Auto dealers and auto supplies	12	5,820	12	6,630	14	6,081	15	6,916	17	8,171
Service stations	31	2,708	29	3,587	25	4,653	26	5,344	25	4,642
Other retail stores	48	1,864	50	2,546	56	3,337	63	3,890	63	4,523
Retail Stores Totals	216	\$23,919	224	\$28,588	234	\$31,721	245	\$36,447	252	\$39,277
All other outlets	248	7,024	246	7,721	242	10,099	247	11,307	248	14,020
Totals All Outlets	464	\$30,943	470	\$36,309	476	\$41,820	492	\$47,754	500	\$53,297

Source: California State Board of Equalization.

Hollister

The City of Hollister, the heart of the District, was incorporated as a general law city in 1872. The five-member city council, elected at large to four-year overlapping terms, chooses the Mayor from among its members. The council also selects the city administrator who is the principal administrative officer and coordinates all municipal operations.

The city reports an assessed valuation of \$36,207,322 and no general obligation bonded debt. City 1976 taxable retail sales for 152 retail permits totaled \$32 million, up 17.3% over 1975 and up 112% over 1971. Total taxable sales for all 249 outlets registered \$37.7 million, up 19.3% over 1975 and 115% over 1971.

Evidence that the downtown business district of Hollister has maintained its economic viability can be seen in the absence of store vacancies, in increasing retail sales, and in continued location of most of the county retail stores, banks and service firms in the original downtown Hollister business district.

Over 950 acres in the city limits are zoned for light-heavy, non-noxious industry with over 800 acres vacant and available for development. Current manufacturing, food processing and industry within the city is predominantly located in the northern portion of Hollister on Highway 156, near the Hollister Municipal Airport, and in the eastern portion of the city.

San Juan Bautista

The City of San Juan Bautista, founded in 1797, is the site of Mission San Juan Bautista. The city reports a 1977/78 \$3.4 million assessed valuation and an estimated population of 1,090.

In 1934, the State of California purchased the old buildings surrounding the original mission plaza; since that time, a gradual restoration of the historic sites, the mission, and commercial and residential buildings has taken place. As a consequence of the restoration, the natural beauty of the area, and the close proximity of U.S. Highway 101, tourism is now the major source of income to the city.

Over 30 tourist-oriented antique shops, boutiques, restaurants and variety stores serve visitors to the mission and adjacent museums and restored or preserved surrounding buildings.

Retail taxable sales in the city for 1976 totaled \$2 million for 46 permits, up 16% over the prior year and up 160% over 1971. Total taxable sales for all 79 city outlets reached \$2.4 million, up 12% over 1975 and 60% over 1971.

TABLE 28
SAN BENITO COUNTY
NEW CONSTRUCTION VALUATIONS (\$'000)

	1972	1973	1974	1975	1976	Ten Months of 1977*
Single family	\$2,085	\$1,904	\$2,810	\$3,838	\$ 7,828	\$ 9,858
Multi-family	807	1,674	221	444	1,075	578
Other residential	59	86	316	263	416	795
Residential Totals	\$2,951	\$3,664	\$3,347	\$4,545	\$ 9,319	\$11,231
Commercial	\$ 161	\$1,014	\$ 363	\$ 416	\$ 223	\$ 18
Industrial	292	936	1,044	81	770	1,076
Other commercial and industrial	233	679	379	326	429	203
Commercial and Industrial Totals	\$ 686	\$2,629	\$1,786	\$ 823	\$ 1,422	\$ 1,297
Total Valuations	\$3,637	\$6,293	\$5,133	\$5,368	\$10,741	\$12,528
NUMBER OF DWELLING UNITS						
Single family	98	87	86	109	211	239
Multi-family	73	132	16	37	96	32
Total Dwelling Units	171	219	102	146	307	271

* January through October San Benito County new construction valuations totaled \$12,528,000 compared with \$9,764,000 for the same period during 1976.

Source: "California Construction Trends", Security Pacific Bank.



A portion of downtown Hollister.

Photo by Harry Cullum.

Water

On November 8, 1977, the voters of the San Benito Water Conservation District authorized the Conservation District to enter into an agreement with the U.S. Bureau of Reclamation to provide 43,560 acre-feet per year of water from the San Felipe Division of the California Central Valley Project. The distribution system required to supply water to the Conservation District will include a tunnel under Pacheco Pass, a pumping plant, and

other necessary facilities to convey water to the proposed San Justo Reservoir, to farms, and to industrial and municipal users. The local water distribution system, which will be financed by an estimated \$19,950,000 40-year federal loan, is scheduled for completion in 1983 and is expected to serve the needs of Zone 6 of the San Benito County Water Conservation District through the year 2020.

The Conservation District water contract with the Bureau of Reclamation provides a maximum of 8,250 acre-feet for municipal and industrial use and 35,310 acre-feet for agriculture, to be divided into two main categories: 25,250 acre-feet of surface water per year for irrigation purposes and 10,000 acre-feet of water to be percolated in the San Benito River, Tres Pinos Creek and Pacheco Creek to improve ground water levels. Water will be supplied by the Bureau of Reclamation at a cost of about \$16.50 per acre-foot for agriculture and \$61.00 per

acre-foot for municipal and industrial use. The cost of water to the user will be a function of the assessed valuation of the user's land, quantity of water used, method of delivery of water, and other relevant factors. Importation of water from the California Central Valley Project San Luis Reservoir is anticipated to check the current decline in the ground water table and to improve water quality since some existing wells have high boron and salt content. Increased availability of water may, in the future, result in an increased need for drainage in some areas of the county.

Seismic Elements

The San Benito County area, along with the entire State of California, shares a history of seismic activity. The precise economic effects of an earthquake, should one occur during the life of the currently offered bonds, cannot presently be predicted. The impact of seismic activity on land, improvements, personal property and utilities in terms of assessed valuation, if any, cannot be forecasted. Assessed valuation may or may not decrease as a result of a major earthquake.

The nearest major mapped earthquake faults in the area of the Hazel Hawkins Memorial Hospital include the Calaveras-San Benito fault zones and the San Andreas fault zones at a distance of approximately one and five miles, respectively. Several other large and still active faults and fault zones are located in the region including the Sargent Fault, a relatively short fault of 35 miles in length located in a northeasterly direction from the hospital, and the Hayward Fault with active traces approximately 60 miles to the northeast of Hollister.

Major earthquakes with a modified mercalli scale of VII-IX which have affected the Hollister area since 1906 include quakes in 1911, 1917, 1939, 1949, and 1961. As in the case of other Bay area cities, the 1906 earthquake caused severe damage in Hollister including the taking of the lives of two people.

Utilities and Services

Pacific Gas and Electric Company supplies both gas and electricity to the District while Pacific Telephone and Telegraph Company provides telephone service. Police protection is provided by the county Sheriff and by city police within Hollister and San Juan Bautista. Fire protection is provided by the Hollister and San Juan Bautista fire departments, the Tres Pinos Volunteer Fire Department, and the County Division of Forestry.

The City of Hollister Water Department and the Sunnyslope Water District are the principal suppliers of water. Well water is the primary source of water for agriculture and for residents in the unincorporated portions of the county.

Education Facilities

The San Benito County Joint Union High School District covers the same area and same assessed valuation within San Benito County as does the San Benito Hospital District (1.5% of the high school district assessed valuation of \$117 million is in Santa Clara County). Also located within the Hospital District are the following elementary school districts: Cienega Union, Hollister, North County Joint Unified, Panoche, San Juan Unified, Southside, Tres Pinos Union, and Willow Grove Union. Also Gavilan Community College, located near Gilroy, serves District residents.

Data for K-8 school enrollments include: 1950, 2,069; 1960, 3,818; 1974, 3,544; and 1976, 3,552.

Three major universities in Santa Clara County—San Jose State University, the University of Santa Clara and Stanford University are within commuting range of Hollister. Over 35 colleges and universities are within a radius of 75-100 miles of Hollister.

Transportation

U.S. Highway 101 traverses the northern edge of the District with State Highway 180 linking U.S. Highway 101 and Hollister. State Highway 156 connects San Juan Bautista with both U.S. Highway 101 to the west and Hollister to the east. State Highway 152 connects Hollister with Interstate 5 and Los Banos in the San Joaquin Valley. State Highway 25 and J1 traverse the District from north to south.

Southern Pacific Railroad provides freight transportation to Hollister while chartered flights and scheduled air service to Monterey, San Jose, and San Francisco are available through the Hollister Municipal Airport. The airport has two paved runways (4,350 and 4,000 feet). Greyhound Bus Lines also serves the District.

Hollister is served by seven major regional and transcontinental truck lines providing overnight delivery to Los Angeles, San Francisco, Portland, Oregon, and Reno, Nevada. The Deep Water Port of Redwood City is approximately 75 miles northwest of Hollister while the Port of Oakland and Port of San Francisco are within 100 miles of Hollister.

San Tran, a dial-a-ride service sponsored by the City of Hollister and the County Council of Governments provides local public transportation.

Recreation

District recreation facilities include two theaters, one 18-hole public golf course and one 9-hole public golf course, three swimming pools, one bowling alley, and a trapshooting range. Located within the District and covering about 19 square miles is Pinnacles National Monument. The National Monument provides scenic views of an ancient volcanic area, camping, hiking trails and picnicking facilities. The Sierra Nevada range to the east and the Pacific Ocean to the west offer a variety of recreational opportunities. In addition, San Jose, San Francisco, and the balance of the San Francisco Bay area offer recreation facilities which are available to District residents.

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